

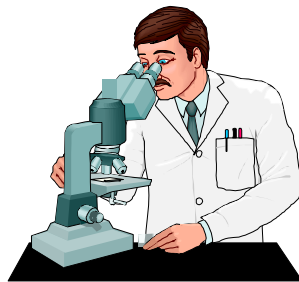
## Information on Washington's Tax Structure



# High Technology Sales/Use Tax Deferral

**The information contained in this fact sheet is current as of the date of publication and is intended only as general information. It does not cover every aspect of this incentive. Not all possible applications of this program are discussed. This fact sheet does not alter or supersede any administrative regulations or rulings issued by the Department.**

Businesses in the following research and development technology categories may be eligible for a sales/use tax deferral. To be eligible, they must start new research and development or pilot scale manufacturing operations, or expand or diversify a current operation by expanding, renovating or equipping an existing facility anywhere in Washington. The technology categories are:



- ◆ Advanced computing;
- ◆ Advanced materials;
- ◆ Biotechnology;
- ◆ Electronic device technology; and
- ◆ Environmental technology.

### REQUIREMENTS

**Applications must be filed with the Department of Revenue BEFORE construction begins or machinery and/or equipment is acquired.**

The investment project must be devoted to research and development or pilot scale manufacturing to qualify for the deferral. The investment must consist of machinery and equipment, new structures, and/or expansion or renovation to increase floor space or production capacity. The machinery and equipment may be used, but must be new to the state or business.

Qualified machinery and equipment means fixtures, equipment and support facilities that are an integral and a necessary part of pilot scale manufacturing or qualified research and development operation. This includes computers, software, data processing equipment, laboratory equipment, instrumentation, and other devices used in the process of experimentation to develop a new or improved pilot model, plant process, product, formula, invention or similar property.



Construction costs for a qualified leased building are eligible for the program, provided the benefit of the deferral is passed on to the qualified business in the form of reduced rent OR the underlying ownership of the building, machinery and equipment vests with the same person(s).

If a building is used partly for pilot scale manufacturing or qualified research, and partly for other purposes, the tax deferral will be apportioned on the basis of the cost of the area used for the qualified purposes.

## DEFERRED TAXES

Taxes are deferred under this program if the business uses the investment project for qualified research and development or pilot scale manufacturing during the year in which the investment is certified as operationally complete, and the next seven calendar years.

If the investment project is used for any other reason at any time during the calendar year in which the investment is certified as operationally complete, or during the next seven calendar years, the deferred taxes must be repaid immediately according to a prorated schedule. Interest will be assessed on the payments.

The sales or use taxes on machinery or equipment used in manufacturing that could have qualified for the Manufacturer's Sales/Use Tax Exemption at the time of purchase or first use do not have to be repaid.

## APPLICATION

A copy of the [High Technology Application for Tax Deferral](#) and [High Technology Application for Tax Deferral for Lessor](#) is provided in this publication.

Additional applications may be obtained by contacting the Telephone Information Center at 1-800-647-7706 (TTY 1-800-451-7985). You can also have the documents faxed by calling our Fast Fax system at (360) 786-6116 and requesting code number 811013.

Deferral Application
_____
_____
_____
_____

A project that has received any sales/use tax deferral under this or any other deferral program is not eligible for further deferral under this program. A research and development facility can get additional deferral certificates to upgrade to pilot scale manufacturing. Businesses may have more than one project that may qualify for deferral under any of these programs.

The Department of Revenue must approve or deny applications within 60 days. If denied, the business may appeal the decision to the Department's Appeals Division.



Businesses approved for the deferral program receive a Tax Deferral Certificate from the Department to present to their contractors and vendors. This certificate allows the contractors and vendors to sell to approved businesses without charging retail sales tax (the seller must keep a copy of the certificate in their records).

## LAWS AND RULES

- ◆ Chapter 82.63 Revised Code of Washington (RCW) — Business and Occupation Tax Credit and Retail Sales/Use Tax Deferral for High Technology Industries

The Department of Revenue will, upon request, provide copies of the laws and administrative rules.

# PUBLICATIONS ORDER FORM

The Department of Revenue offers numerous publications covering a wide range of topics. These publications are available upon request from any Department of Revenue field office, or by calling the Telephone Information Center at 1-800-647-7706, or by completing this form and mailing it to: Department of Revenue, Taxpayer Services Division, PO Box 47478, Olympia, WA 98504-7478. Many of these publications are also available on the Department's Internet web site at <http://dor.wa.gov>.

QUANTITY	PUBLICATION
_____	Guide to Completing the Combined Excise Tax Return
_____	Active, Nonreporting Business
_____	Aircraft Taxes
_____	Audit Process
_____	Below Minimum
_____	Business and Occupation Tax
_____	Business Tax Overview
_____	Child Care Operators
_____	Cigarette Tax
_____	Collection Process
_____	Deferrals, Credits and Exemptions
_____	Electronic Funds Transfer
_____	Electronic Filing
_____	Farm Use Tax
_____	Fast Fax
_____	Fish Taxes
_____	Hazardous Substance Tax
_____	High Technology B&O Tax Credit
_____	Homeowner's Guide to Property Tax
_____	Horse Industry Tip Sheet
_____	How to Amend Your Combined Excise Tax Return
_____	New Business Handbook
_____	Nonprofit Organizations
_____	Outline of Major Taxes
_____	Personal Property Tax
_____	Property Tax Deferrals for Senior Citizens and Disabled Persons
_____	Property Tax Exemptions for Senior Citizens and Disabled Persons
_____	Resale Certificate
_____	Real Estate Transactions and Use Tax
_____	Retail Sales Tax
_____	Small Claims Hearings
_____	Taxpayer Rights and Responsibilities
_____	Tax, Title and Registration of Boats
_____	Temporary Business Registration
_____	Unclaimed Property
_____	Use Tax
<b>OTHER:</b>	
_____	Excise Tax Advisory (ETA) _____ identify by number
_____	Numerical listing and titles of ETAs
_____	Special Notice _____ identify by number and title
_____	Tax Topics article reprint _____ please include code, issue and article
_____	WAC (Rule) _____ identify by number
_____	Washington Tax Facts _____ identify by name

**PLEASE SEND PUBLICATION(S) TO:**

Contact Person: \_\_\_\_\_

Business Name: \_\_\_\_\_

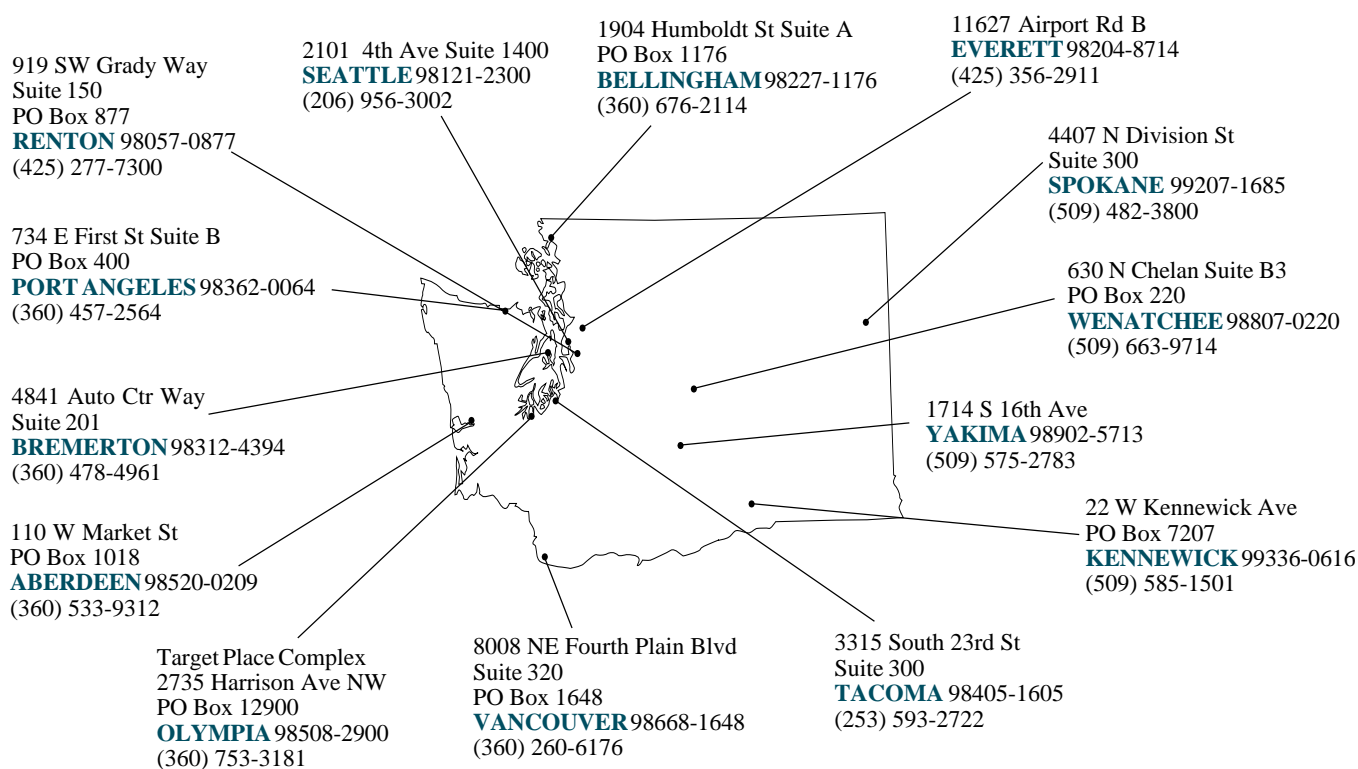
Street Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

# Department of Revenue

Telephone Information Center  
1-800-647-7706

## FIELD OFFICE LOCATIONS



<http://dor.wa.gov>

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Printed on recycled paper

Prepared by the Taxpayer Services Division

FS 0030 8/99